Swapping of High Cost Small Saving Loans

2641. SHRI KANJIBHAI PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether the State Government of Gujarat have represented to the Central Government that flexibility should be available to the State Government not to accept the small saving loans and an option may also be given to State Government to swap the high cost small saving loans taken earlier with the present loan;

(b) whether the matter was discussed in the National Development Council (NDC) and a Committee was also formed headed by him to look into this aspect;

(c) if so, whether the Committee has submitted its report in this regard; and

(d) the final outcome of the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir. Some State Governments including Government of Gujarat have expressed reservations in accepting 100 per cent transfer of net Small Savings Collections mobilized by them mainly on the ground of high cost of these funds and have also requested to swap the high coupon National Small Savings Fund (NSSF) loans with current lower coupon borrowings. Government of India has already implemented a State Debt Swap Scheme from 2002-03 to 2004-05 under which the States were enabled to pre-pay their high coupon loans, including small savings loans, owed to the Government of India with lower coupon loans from NSSF and additional open market borrowings. State swapped high coupon loans amounting to Rs. 1,03,652 crore under the scheme.

(b) to (d) Pursuant to the meeting of the National Development Council (NDC) held in June, 2005, a Committee has been set up under the chairmanship of Finance Minister to examine issues relating to the debt burden of States and debt relief with reference to their debt outstandings against NSSF. The Committee has not yet submitted its report.

Monitoring of politically exposed persons accounts in foreign banks

2462. DR. VIJAY MALLYA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has ordered foreign banks operating in the country to strictly monitor the accounts of Indian politically exposed persons and whether a copy of the said order be placed on the Table of the House;